



August 2, 2020

Mendocino County Board of Supervisors  
501 Low Gap Road  
Ukiah, CA 95482

**Re: Agenda Item 5b Discussion and Possible Action Including Direction to Staff Regarding the Potential Re-direction of the Cannabis Cultivation Permitting Program to a Land Use Ordinance and Direction to Staff Regarding Prioritizing Phase 1 and 2 Existing Permit Holders who Require a CEQA Checklist with a Cost Recovery System Identified in Response to Board Direction Received on June 16, 2020 (Sponsor: Planning and Building Services)**

Dear Supervisors,

Much clarity has emerged since the June 24th business meeting where by a 4-1 vote this Board asked staff to investigate how a land use approach to local cannabis cultivation licensing could work. We commend the Board for encouraging this conversation and for dedication to improvement on the status quo. Most interesting was the discovery that the status quo is unworkable.

In the CEO Report issued July 21, 2020, Planning Director Brent Schultz laid bare the truth about the path forward for current provisional cultivation permit holders to provide CDFA the information they need to receive their Annual licenses. The level of detail required by CDFA for a CEQA checklist to meet their expectations requires new info not included in the current applications and requires significant staff time to gather and report. The conclusion: The process is too onerous, and there aren't enough staff hours to process the 1000+ applications in the time available before Provisional licenses expire at the end of 2021.

This is a hard pill to swallow for all of us. Solutions that preserve the ability for the legacy cultivators to earn their Annual License are needed, as are the resources and time necessary to act on those solutions. As we roll up our sleeves to find solutions we should also think ahead and make sure the considerable effort we spend to address this challenge also anticipates future challenges.

- Completing the annual licensing process may well require applicants to pay additional costs, which if stuck at 10,000sf could sink some farms. Therefore, it is imperative that we create a path to allow expansion beyond 10,000sf for those who desire to improve farm economics.
- Farms that are in the greatest need of support may be good recipients of the Equity Grant funds Mendocino acquired from the State. There likely isn't enough for the hundreds of farms in need, but an equitable allocation method may be the best use of the funds.
- Generating additional site-specific information either through a CEQA checklist or an on-site CEQA initial study will also require time. Mendocino is not alone in this CEQA challenge and



must partner with other counties and the cannabis industry in those counties to demand an extension from the state. This will require legislation during the 2021 Legislative session.

- As of now, the cannabis sector is the only one in Mendocino County that is meeting its tax projections due to COVID. The cannabis industry is a proven economic support system for this county. At the same time, the program hangs in the balance and is very much dependent on the bandwidth of county staff. County staff need to have funding for their work and the cannabis economy in Mendocino needs to be able to grow and thrive. Allowing new cultivation into the county ahead of 2021's planting season generates additional revenues for the county to support staff time, support farmers in need of economic stability and support general social services in Mendocino County.

Today, it no longer matters how we ended up with an unworkable program. The reality is that there are over 1,000 farmers in this county who are currently paying taxes and trying to get legal who need another path. The differing rules between the county and the state have generated an impasse, and the restrictive local ordinance has tied the hands of both those who want to expand to meet the economic challenges and realities of the regulated market, and those who want to bring additional sustainable cultivation sites to the county. We at Flow Kana stand ready to partner with Mendocino County to legislatively extend the provisional license sunset. In parallel, we urge Supervisors to direct staff to begin drafting a land use-based cannabis ordinance that beats a viable path to an annual state license.

Thank you for your consideration of our comments.

Michael Wheeler

VP of Policy Initiatives  
Flow Kana